

Message Text

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PAGE 01 MANILA 05808 171001Z

13

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SUBJ: DATA REQUESTED FOR PASSMAN COMMITTEE

III. IMPACT OF BANK'S OPERATIONS ON SMALL FARMERS SECTOR

SINCE BANK-FINANCED PROJECTS ARE AT DIFFERENT STAGES OF IMPLEMENTATION, IT IS DIFFICULT AT THIS STAGE TO DEVELOP PRECISE ESTIMATES ON THE IMPACT ON FARM PRODUCTIVITY AND INCOME. ALSO, AS THE CHARACTERISTICS OF THE PROJECTS UNDERTAKEN ARE SO DIVERSIFIED, IT IS CONCEPTUALLY HARD TO MAKE AN OVERALL VIEW ON ASSESSMENT OF THE IMPACT. HOWEVER, BASED ON THE ASSUMPTIONS MADE IN THE VARIOUS APPRAISAL REPORTS ON IRRIGATION- AND AGRICULTURE-RELATED PROJECTS APPROVED FOR BANK FINANCING, AND THE COVERAGE OF THE SEVERAL PROJECTS, SOME TENTATIVE ASSESSMENT CAN BE MADE. POSITIVE IMPACT AT THE FARM LEVEL HAS BEEN AN IMPORTANT AIM IN ALL THE BANK'S ACTIVITIES IN THE FIELD OF AGRICULTURE.

UNDER THE CATEGORY OF AREA AND WATER RESOURCES DEVELOPMENT PROJECTS, THE BANK HAS SO FAR FINANCED 15 PROJECTS IN EIGHT REGIONAL DEVELOPING MEMBER COUNTRIES WITH AN AGGREGATE LOAN

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PAGE 02 MANILA 05808 171001Z

AMOUNT OF \$71.14 MILLION. THESE PROJECTS HAVE COVERED A TOTAL

IRRIGATED AREA OF APPROXIMATELY 225,000 HECTARES WITH BENEFITS GOING TO ABOUT 200,000 FAMILIES. THE AVERAGE SIZE OF THEIR HOLDING IS IN THE RANGE OF 0.3 TO 4.0 HECTARES WITH THE MAJORITY OF FARM HOLDINGS IN THE RANGE OF 1.0 TO 2.0 HECTARES. THE AVERAGE FAMILY SIZE CONSISTS OF FOUR TO FIVE MEMBERS.

THE MAJOR TRADITIONAL CROP GROWN IN THE PROJECT AREAS IS RICE PADDY (WHEAT IN THE CASE OF AFGHANISTAN). PHASED PROGRAMS FOR MOST PROJECTS AIM AT INTENSIFIED PRODUCTION OF THE STAPLE CROP, INTRODUCTION OF SHORT-SEASON VEGETABLE CROPS AND A GRADUAL DIVERSIFICATION INTO OTHER CROPS, INCLUDING COTTON, SUGAR BEET, LEGUMES AND MARKET GARDEN PRODUCE, DEPENDING ON NATURAL CONDITIONS AND MARKET DEMAND.

IN THE FIELD OF AGRICULTURAL CREDIT, THE BANK'S MAIN EMPHASIS SO FAR HAS BEEN ON STRENGTHENING CONCERNED CREDIT INSTITUTIONS THROUGH TECHNICAL ASSISTANCE. A FIRST LOAN WAS EXTENDED TO THE AGRICULTURAL DEVELOPMENT BANK OF NEPAL IN 1970 FOR THE FINANCING OF AGRICULTURAL TRACTORS AND IRRIGATION PUMPS. THE PROJECT WILL BENEFIT ABOUT 1,000 FARMERS IN FOUR AREAS COVERING 23,000 HECTARES. THE SECOND BANK LOAN IN THE CREDIT FIELD WAS EXTENDED TO BANK RAKJAT INDONESIA FOR THE MECHANIZATION AND MODERNIZATION OF ITS EXTENSIVE NETWORK OF BANKING OPERATIONS. IN APRIL 1974, A SECOND LOAN WAS EXTENDED TO THE AGRICULTURAL DEVELOPMENT BANK OF NEPAL FOR STORAGE AND DRYING FACILITIES, TRACTORS AND POWER TILLERS. A SIMILAR TYPE OF PROJECT IS CURRENTLY BEING APPRAISED IN INDONESIA.

UNDER THE CATEGORY OF INDUSTRIAL CROPS AND AGRO-INDUSTRIES, THE BANK HAS APPROVED LOANS FOR NINE PROJECTS IN FIVE REGIONAL DEVELOPING MEMBER COUNTRIES WITH AN AGGREGATE AMOUNT OF \$45.55 MILLION. THESE PROJECTS COVER TEA, SUGARCANE, OIL PALM, JUNE AND RICE MILLING. EACH OF THESE PROJECTS HAS DISTINCT CHARACTERISTICS.

THE TWO TEA FACTORY MODERNIZATION PROJECTS IN SRI LANKA WILL BENEFIT 300 TEA FACTORIES OUT OF A TOTAL OF 870 IN THE COUNTRY. ALTHOUGH THESE FACTORIES ARE OWNED AND OPERATED BY ESTATE ENTERPRISES, THEY WILL PROVIDE EMPLOYMENT OPPORTUNITIES TO AN ESTIMATED POPULATION OF MORE THAN ONE MILLION FARM UNCLASSIFIED

UNCLASSIFIED

PAGE 03 MANILA 05808 171001Z

PEOPLE IN THE PROJECT AREA.

THE OIL PALM PROJECT IN MALAYSIA COVERS APPROXIMATELY 16,500 HECTARES AND BENEFITS APPROXIMATELY 3,360 SETTLERS. THE AVERAGE SIZE OF HOLDING IS BETWEEN 4.5 TO 5 HECTARES PER SETTLER.

THE SAWIT SEBARANG OIL PALM ESTATE PROJECT IN INDONESIA COVERS

APPROXIMATELY 11,500 HECTARES ON A GOVERNMENT-OWNED ESTATE. THIS PROJECT PROVIDES EMPLOYMENT OPPORTUNITIES TO ABOUT 3,800 LABORERS, MOSTLY COMING FROM OVER-POPULATED JAVA, PROVIDING A LIVING FOR ABOUT 20,000 FAMILY MEMBERS. THESE ARE REGULAR LABORERS ON THE ESTATE. DURING THE PEAK HARVEST MONTHS, WHEN THE REGULAR WORKERS CANNOT COPE WITH THE WORK, CASUAL LABORERS ARE HIRED FROM FAMILY MEMBERS AND FARMERS IN THE SURROUNDING AREAS. THE NUMBER OF CASUAL LABORERS REQUIRED IS APPROXIMATELY 1,500.

THE NORTH SUMATRA RUBBER AND OIL PALM PROJECT, ALSO INVOLVING A GOVERNMENT-OWNED ESTATE IN INDONESIA, IS FOR THE REHABILITATION AND DEVELOPMENT OF RUBBER AND OIL PALM ON AN AREA COVERING ROUGHLY 30,000 HECTARES. THE PROJECT OFFERS JOB OPPORTUNITIES TO ABOUT 7,500 LABORERS AND PROVIDES A LIVING FOR APPROXIMATELY 37,000 FAMILY MEMBERS. ABOUT 2,500 CASUAL LABORERS ARE HIRED DURING THE PEAK HARVEST MONTHS.

THE EAST JAVA SUGAR PROJECT IN INDONESIA WILL BENEFIT AN ESTIMATED 15,000 PARTICIPATING FARMERS. THIS PROJECT WILL ALSO GENERATE EMPLOYMENT OPPORTUNITIES IN THE RURAL AREAS FOR SUGARCANE PLANTING, TRANSPORTING AND PROCESSING.

THE BANK'S FISHERIES OPERATIONS CAN BE CLASSIFIED INTO COASTAL FISHERIES, LARGE-SCALE OFFSHORE AND DEEPSEA FISHERIES, AND INFRASTRUCTURE FOR FISHERIES DEVELOPMENT. TO DATE, THE BANK HAS FINANCED EIGHT FISHERY PROJECTS IN SEVEN REGIONAL DEVELOPING MEMBER COUNTRIES WITH AN AGGREGATE LOAN AMOUNT OF \$47.73 MILLION (TWO FISHERY-RELATED PROJECTS, THE KOREA COLD STORAGE PROJECT AND THE PHILIPPINES NAVOTAS FISHERIES HARBOR PROJECT, ARE NOT INCLUDED). THE TOTAL NUMBER OF FISHERMEN INVOLVED IN THE COASTAL FISHERIES PROJECTS IS 8,700 WITH A TOTAL FAMILY MEMBERSHIP OF ABOUT 37,000. THE TOTAL NUMBER OF FISHERMEN INVOLVED

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PAGE 04 MANILA 05808 171001Z

IN THE LARGE-SCALE OFFSHORE AND DEEPSEA FISHERIES PROJECTS IS ABOUT 5,700 WITH A TOTAL FAMILY MEMBERSHIP OF ABOUT 26,200. THE TOTAL NUMBER OF WORKERS INVOLVED IN INFRASTRUCTURE FOR FISHERY DEVELOPMENT PROJECTS SUPPORTED BY BANK LOANS IS ABOUT 800 WITH A TOTAL FAMILY MEMBERSHIP OF ABOUT 3,600. IN TOTAL, THE BANK'S FISHERIES OPERATION, TO DATE, WILL GENERATE BENEFITS IN TERMS OF EMPLOYMENT OPPORTUNITIES AND INCOME FOR 15,200 FAMILIES WITH A TOTAL FAMILY MEMBERSHIP OF ABOUT 66,800 PERSONS.

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